

**EXHIBIT 26**

# HIGHLAND CAPITAL MANAGEMENT

OCTOBER 2023

**US Healthcare Growth Equity Opportunity**

**[CONFIDENTIAL DRAFT]**

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HCMLPDT003104

# HCM HEALTHCARE GROWTH EQUITY INVESTMENT STRATEGY

**[DRAFT]**

- **HCM's healthcare growth equity strategy is focused on investing in attractive secular growth opportunities while mitigating downside risk through robust diligence and transaction structural protections:**

**1) Focus on later-stage opportunities with proven commercial traction**

- Target companies with existing products and commercial revenue seeking capital to accelerate growth (geographic expansion, sales force, product pipeline)
- Avoid "clinical trial risk" of early-stage biotech companies that lack existing approved/commercialized products

**2) Robust diligence process focused on underwriting revenue and cash flow forecasts**

- Deep healthcare market expertise across industry sub-sectors to identify companies at inflection point in attractive commercial growth opportunities
- Leverages Highland's well-proven credit/distressed investment process to diligence business growth plans and underwrite cash flow forecasts

**3) Mitigate downside risk through investment valuation and transaction structure**

- Conservative "credit underwriting" approach to financial forecasting and valuation
- Structure transaction with downside protection (liquidation preference, anti-dilution protection, conversion features, warrants)
- Active partnership with management to mitigate operational risks (board representation, consent rights, tranching investment availability)

## WHY A HEALTHCARE FOCUS?

[DRAFT]

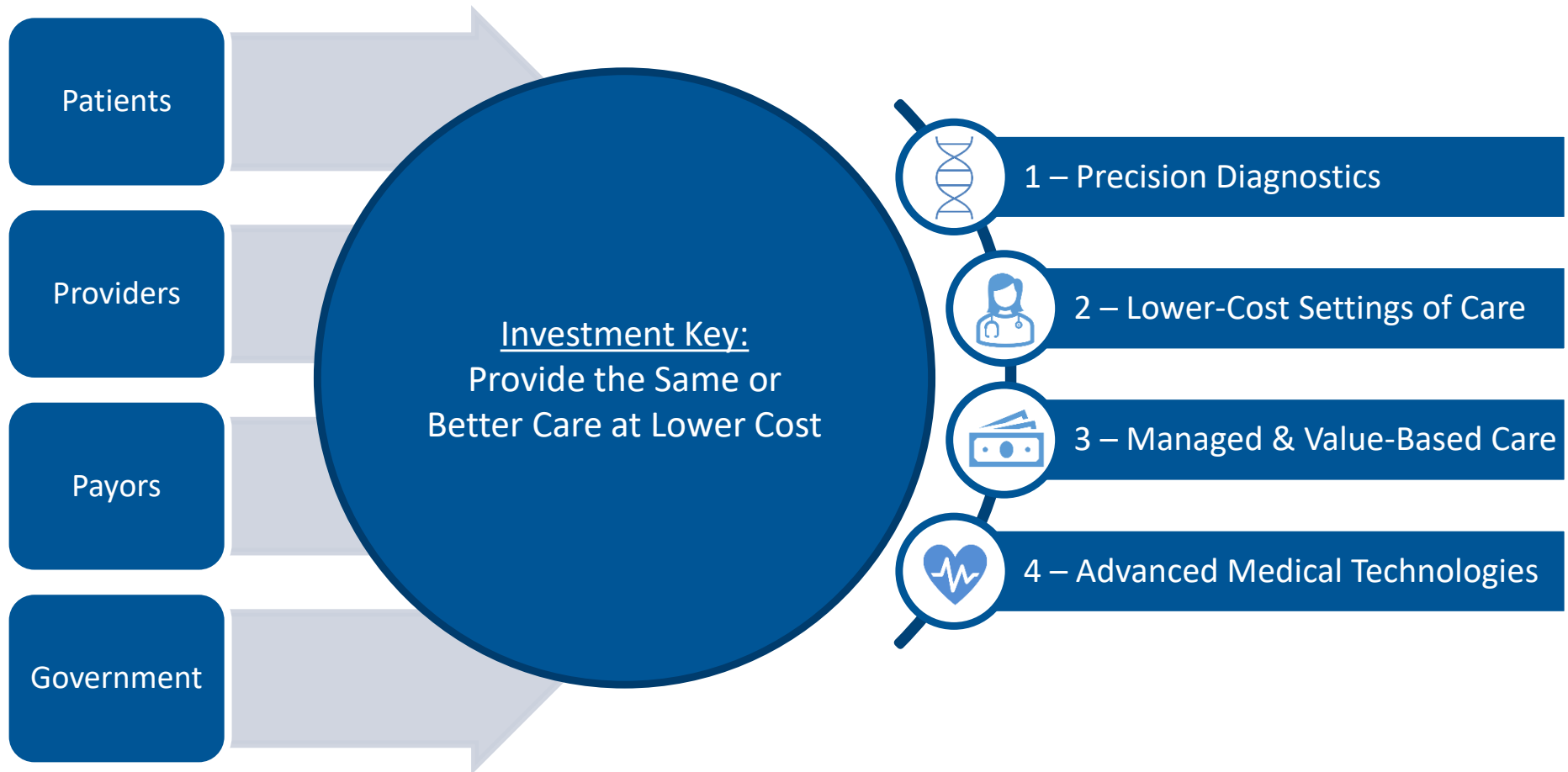
<b>US Healthcare Investment Rationale</b>	<ul style="list-style-type: none"> <li>Healthcare is one of the largest sectors of the US economy, representing \$4.3 trillion of total spending or 18% of GDP in 2021; growth in US healthcare spending has outpaced GDP and is projected to grow at a 5.3% CAGR to \$6.8 trillion by 2030<sup>1</sup></li> <li>Growth is driven by aging population demographics; the American 65-and-older population is projected to nearly double in size to approximately 25% of the total population by 2060<sup>1</sup>; with rising life expectancy, the number of people 85 years and older is expected to nearly triple to 19 million by 2060<sup>1</sup>; annual per capita healthcare spending is 2.4x higher for persons age 65-84 and 4.6x higher for persons age 85+ compared to adults &lt;65 years old<sup>2</sup></li> <li>S&amp;P Healthcare Index has consistently grown earnings over the past 20 years regardless of political and economic changes</li> <li>Healthcare is a non-cyclical sector with historically low market correlations</li> </ul>
<b>Evolving Landscape</b>	<ul style="list-style-type: none"> <li>Healthcare is a highly regulated sector with rapidly advancing technologies, where policy and company-specific fundamentals play a critical role in determining winners and losers</li> <li>The Affordable Care Act ("ACA") introduced the most significant changes to the healthcare system in nearly 50 years, expanding health insurance coverage to &gt;20M Americans, reducing the uninsured rate from &gt;18% in 2010 to 8% in 2021<sup>3</sup>, and strengthening standards for the level of care that must be covered; these changes continue to transform the US healthcare market</li> <li>The Covid-19 pandemic triggered and accelerated significant changes in delivery of care and adoption of new technologies</li> </ul>
<b>Highland Investment Philosophy</b>	<ul style="list-style-type: none"> <li>Participate in the long-term secular growth opportunity of the US healthcare market</li> <li>Overlay a differentiated policy framework with bottom-up, fundamental investment strategy</li> <li>Leverage deep sector expertise to understand impact of policy and technology changes</li> </ul>
<b>Highland Advantage</b>	<ul style="list-style-type: none"> <li>Highland is recognized as a global leader in healthcare, with a long history of managing healthcare investments spanning public and private equity and credit</li> <li>Foresight to predict and react to new policies and technologies that will affect change in the healthcare system and create investment opportunities</li> <li>Strong industry relationships to source, diligence, execute and realize investment opportunities in most attractive segments of healthcare market</li> </ul>

1. Source: U.S. Census Bureau, "Demographic Turning Points for the United States: Population Projections for 2020 to 2060, revised February 2020.  
2. Source: CMS, Office of the Actuary, National Health Statistics Group. Latest age cohort data available for 2014, last updated 12/15/2021  
3. Source: US Census Bureau, Health Insurance Coverage in the United States: 2021; National Health Interview Survey data.

## HCM TARGETED HEALTHCARE INVESTMENT THEMES

[DRAFT]

- HCM's targeted investment themes align the interests of key stakeholders in the US healthcare system: **provide the same or better care at lower cost**



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# CURRENT MARKET ENVIRONMENT FAVORS HEALTHCARE SECULAR GROWTH INVESTMENTS [DRAFT]

- With the US financial market dislocation in 2022-2023, healthcare multiples have re-set back below “post-ACA” long-term average levels; current environment is attractive for renewed investment in high-growth healthcare sub-sectors that benefit from compounding long-term secular growth trends
- Illustrative scenarios below reflect 3-year returns on \$30M investment in high-growth healthcare company with 25-35% revenue growth and FCF break-even at current medtech/life sciences market multiple (4x revenue), assuming no change in current market multiple at exit (Base), decline in multiple to post-financial crisis trough level (2x revenue) at exit (Downside), and increase in multiple back to 2021 levels (8x revenue) at exit (Upside)
- Base and Upside cases illustrate the significant upside opportunity provided by investing in high-growth healthcare companies if market multiples remain at current levels or expand back to peak 2021 levels
- Downside case illustrates the protection offered by strong compounding revenue growth, which can more than offset a potential decline in market multiples from current “post-ACA” average level back to the post-financial crisis trough level
- HCM’s robust diligence process leverages our deep healthcare market expertise across industry sub-sectors and strong credit investment capabilities to identify companies at an inflection point in attractive commercial growth opportunities and conservatively underwrite revenue and cash flow forecasts
- Further protect downside through conservative approach to private market valuations, transaction structural provisions and actively partnering with management to grow the business and mitigate operational risks

Downside Case					Base Case					Upside Case					
25% Annual Revenue Growth	Year 0	Year 1	Year 2	Year 3	Year 0	Year 1	Year 2	Year 3	Year 0	Year 1	Year 2	Year 3			
	Revenue	\$100	\$125	\$156	\$195	Revenue	\$100	\$125	\$156	\$195	Revenue	\$100	\$125	\$156	\$195
	% Growth		25%	25%	25%	% Growth		25%	25%	25%	% Growth		25%	25%	25%
	Multiple	4.0x	2.0x	2.0x	2.0x	Multiple	4.0x	4.0x	4.0x	4.0x	Multiple	4.0x	8.0x	8.0x	8.0x
	Enterprise Value	\$400	\$250	\$313	\$391	Enterprise Value	\$400	\$500	\$625	\$781	Enterprise Value	\$400	\$1,000	\$1,250	\$1,563
	Net Cash	\$30	\$30	\$30	\$30	Net Cash	\$30	\$30	\$30	\$30	Net Cash	\$30	\$30	\$30	\$30
	Equity Value	\$430	\$280	\$343	\$421	Equity Value	\$430	\$530	\$655	\$811	Equity Value	\$430	\$1,030	\$1,280	\$1,593
	Investment Value	\$30	\$20	\$24	\$29	Investment Value	\$30	\$37	\$46	\$57	Investment Value	\$30	\$72	\$89	\$111
	Ownership %	7%	7%	7%	7%	Ownership %	7%	7%	7%	7%	Ownership %	7%	7%	7%	7%
	MOIC		0.7x	0.8x	1.0x	MOIC		1.2x	1.5x	1.9x	MOIC		2.4x	3.0x	3.7x
IRR		-35%	-11%	-1%	IRR		23%	23%	24%	IRR		140%	73%	55%	
35% Annual Revenue Growth	Year 0	Year 1	Year 2	Year 3	Year 0	Year 1	Year 2	Year 3	Year 0	Year 1	Year 2	Year 3			
	Revenue	\$100	\$135	\$182	\$246	Revenue	\$100	\$135	\$182	\$246	Revenue	\$100	\$135	\$182	\$246
	% Growth		35%	35%	35%	% Growth		35%	35%	35%	% Growth		35%	35%	35%
	Multiple	4.0x	2.0x	2.0x	2.0x	Multiple	4.0x	4.0x	4.0x	4.0x	Multiple	4.0x	8.0x	8.0x	8.0x
	Enterprise Value	\$400	\$270	\$365	\$492	Enterprise Value	\$400	\$540	\$729	\$984	Enterprise Value	\$400	\$1,080	\$1,458	\$1,968
	Net Cash	\$30	\$30	\$30	\$30	Net Cash	\$30	\$30	\$30	\$30	Net Cash	\$30	\$30	\$30	\$30
	Equity Value	\$430	\$300	\$395	\$522	Equity Value	\$430	\$570	\$759	\$1,014	Equity Value	\$430	\$1,110	\$1,488	\$1,998
	Investment Value	\$30	\$21	\$28	\$36	Investment Value	\$30	\$40	\$53	\$71	Investment Value	\$30	\$77	\$104	\$139
	Ownership %	7%	7%	7%	7%	Ownership %	7%	7%	7%	7%	Ownership %	7%	7%	7%	7%
	MOIC		0.7x	0.9x	1.2x	MOIC		1.3x	1.8x	2.4x	MOIC		2.6x	3.5x	4.6x
IRR		-30%	-4%	7%	IRR		33%	33%	33%	IRR		158%	86%	67%	

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# HCM CASE STUDY: CASTLE BIOSCIENCES CROSS-OVER & IPO INVESTMENT

[DRAFT]

- Castle Biosciences is the market leader in dermatologic cancer diagnostics; has expanded into additional targeted gene expression profiling markets
- DecisionDx-UM uses proprietary 15-gene expression profile to determine risk of metastatic or recurrent disease for patients with uveal melanoma
  - Launched in 2009, DecisionDx-UM has become U.S. standard of care for uveal melanoma; 80% market penetration of \$6.5M TAM (1,700 patients)
- DecisionDx-CM uses proprietary 31-gene expression profile to determine risk of metastatic or recurrent disease for patients with cutaneous melanoma
  - Used to screen melanoma patients for SLNB, avoiding unnecessary >\$20,000 surgery with no therapeutic benefit and high (11%) complication rate
  - Significantly larger \$540M TAM (130,000 patients) in early stages of commercialization (<15% initial market penetration)
  - ADLT status in 2019 increased CMS rate from \$3,800/test to \$7,200/test; **revenue uplift was not incorporated into IPO financial forecasts**
- In 2020, launched DecisionDX-SCC and DiffDX-Melanoma tests for squamous cell carcinoma and suspicious pigmented lesions, increasing dermatology TAM to \$2B
- In December 2021, acquired Cernostics for \$31M, expanding into \$1B esophageal cancer diagnostics market with CMS-reimbursed TissueCypher test
- In April 2022, acquired AltheaDx for \$65M, expanding into \$5B mental health pharmacogenomics market with CMS-reimbursed IDgenetix test

## HCM Investment Highlights

- HCM was sole investor in \$20M pre-IPO cross-over financing:
  - Initial \$10M convertible note with 4-year maturity, 8% PIK interest and 30% warrant coverage (\$0.001 strike); automatically converted into common shares upon IPO at \$200M valuation cap
  - Second \$10M investment in IPO; would have funded new private preferred round if IPO not completed within 12 months of cross-over convertible note
- On 7/24/19 CSTL completed \$65M IPO at \$16 per share
- Between 2019 and 2021 HCM sold >900k shares at average price of \$40/share for \$37M of proceeds; still holds small position in CSTL
- CSTL has consistently beat analyst forecasts due to better-than-expected volume growth and reimbursement, while expanding TAM to drive future growth

## CSTL Stock Price Performance (7/24/19 – 12/31/21)



## CSTL Financial Performance (IPO Forecast vs. Actual)

<u>IPO Forecast</u>	FY17A	FY18A	FY19E	FY20E	FY21E	3-Yr CAGR
Revenue (\$M)	\$14	\$23	\$36	\$48	\$60	38.5%
% Growth	NA	65.7%	58.1%	33.5%	25.7%	
Gross Profit	\$9	\$17	\$29	\$39	\$50	41.8%
% Margin	64.2%	76.8%	79.7%	81.1%	82.4%	
EBITDA	(\$10)	(\$3)	(\$11)	(\$17)	(\$7)	NM
% Margin	-76.2%	-14.1%	-31.8%	-35.0%	-10.9%	
<u>Actual Results</u>	FY17A	FY18A	FY19A	FY20A	FY21A	
Revenue	\$14	\$23	\$52	\$63	\$94	60.4%
% Growth	NA	65.7%	127.6%	20.8%	50.2%	
Gross Profit	\$9	\$17	\$45	\$53	\$78	64.8%
% Margin	64.2%	76.8%	85.9%	84.5%	83.2%	
EBITDA	(\$10)	(\$3)	\$9	\$2	(\$15)	NM
% Margin	-76.2%	-14.1%	17.2%	3.6%	-15.9%	

Sources: SEC filings, SVB Leerink Initiation Coverage Research

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# HCM CASE STUDY: CARIS LIFE SCIENCES GROWTH EQUITY FINANCING

[DRAFT]

- Caris Life Sciences is a leading provider of comprehensive tumor molecular profiling information to guide clinical treatment decisions for advanced-stage cancer patients and accelerate precision oncology drug research
- CarisMI tumor tissue profiling platform utilizes multiple diagnostic technologies, including NGS sequencing and protein immunohistochemistry analysis, to help oncologists identify clinically-relevant tumor biomarkers that can be treated with targeted therapies
  - CarisMI provides the broadest coverage of clinically-actionable biomarkers though 22,000 gene full exome (DNA) and full transcriptome (RNA) sequencing coverage, while providing industry-leading turnaround time
  - CarisMI has been ordered by >6,700 oncologists for >525,000 patients; Precision Oncology Alliance consists of 88 leading cancer centers that have partnered with Caris to improve patient care and promote research trials
  - CMS reimbursement of \$3,368/test under existing LCD coverage decision; rate will increase to \$8,455/test upon FDA approval targeted in FY24
  - Large \$5B tumor profiling market is still in early stages of penetration; only 15% of 1.6M late-stage cancer patients in the US currently receive a comprehensive genomic profile; market growth accelerating due to FDA approvals of new targeted therapies
  - Caris has compiled a database of matched outcomes data for >417,000 cases; leverages AI algorithms to identify new clinically-actionable tumor biomarkers for both clinical and biopharma drug development applications
- Preparing to launch liquid biopsy-based tests for comprehensive tumor profiling and minimal residual disease (MRD) monitoring, strengthening competitive position and expanding addressable market opportunity by >\$10 billion
  - Liquid profiling test enables full exome and transcriptome sequencing using blood instead of tissue; expands presence in existing \$5B profiling market
  - MRD measures cancer cells in a patient after treatment, providing tool to evaluate treatment response and identify early signals of recurrence; \$10B market opportunity for 1.6M late-stage cancer patients receiving series of 4 tests annually with \$1,500/test reimbursement

## CarisMI Tumor Profiling Platform Overview



## HCM Investment Highlights

- HCM was lead investor in \$235M Series C redeemable convertible preferred equity financing completed in August 2020; invested \$50M and organized a syndicate of other high-quality investors including Coatue, T. Rowe Price, Sixth Street, Orbimed, Millennium Management and Neuberger Berman
  - Structural protections include liquidation preference, redemption rights, consent rights and anti-dilution protection
  - HCM serves as Series C representative on Caris Board of Directors
- In May 2021, Caris completed an \$830M Series D preferred equity financing at a \$7B pre-money valuation
  - Represents significant step-up from the Series C valuation
  - HCM invested \$17M alongside all other existing investors and new investors including Fidelity, Silver Lake, CPPIB and Columbia Threadneedle
- Caris has achieved strong revenue growth since Series C investment with approximately 30% revenue CAGR from FY19-FY22

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## US HEALTHCARE IPO MARKET OVERVIEW

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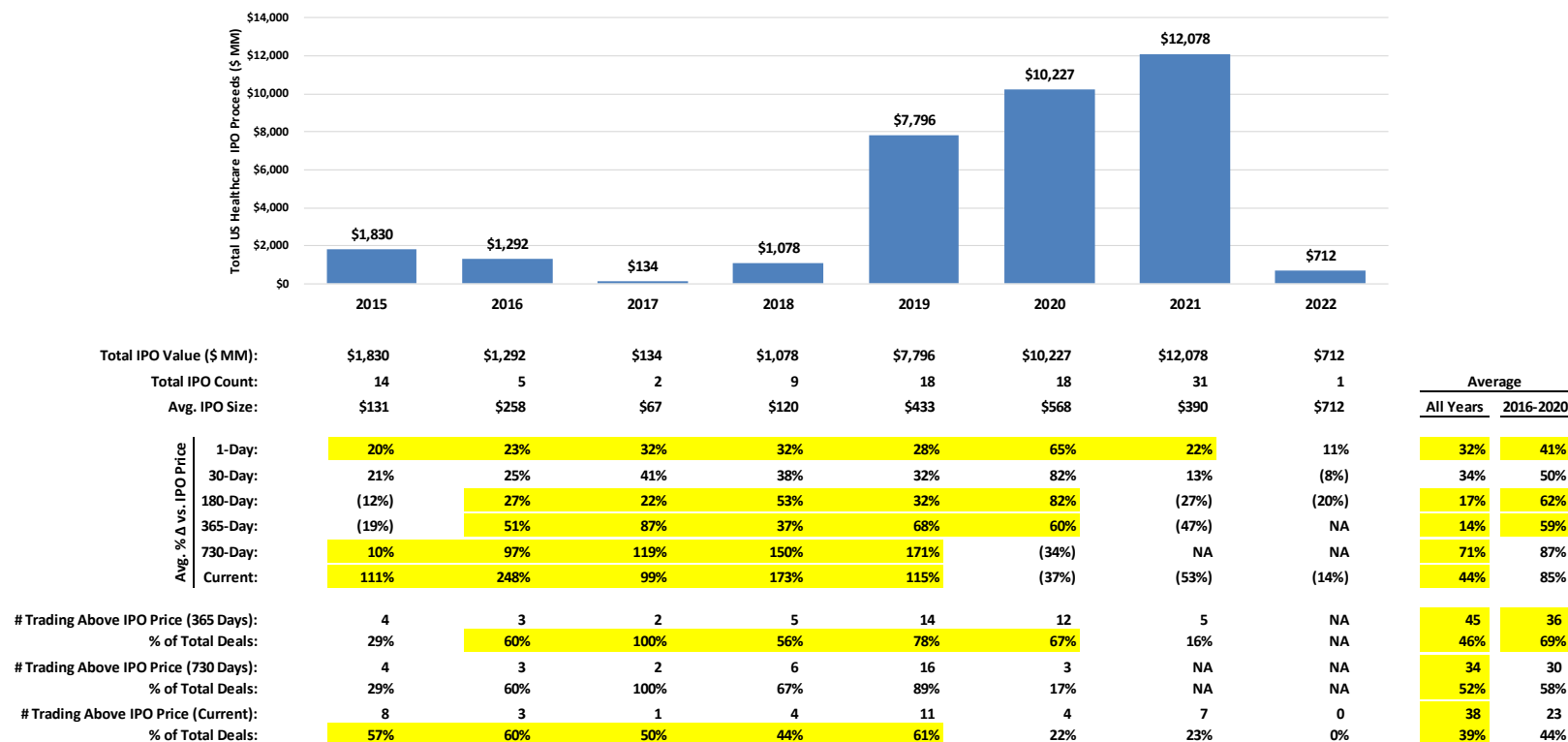
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# US HEALTHCARE IPO MARKET PERFORMANCE SUMMARY (2015-2022)

[DRAFT]

- Since 2015, there have been 98 US healthcare IPOs raising >\$35B of proceeds<sup>1</sup>, including the 2019-2021 bull market cycle with 67 deals raising >\$30B of proceeds
- Overall, healthcare IPO performance since 2015 has been strong, generating average post-offering returns of +32% (1-day), +17% (180-days) and +14% (365-days); these returns are negatively impacted by two market downturns in 2016 and 2022; excluding IPOs in 2015 and 2021/2, returns are even stronger with average post-offering price appreciation of +41% (1-day), +62% (180-day) and +59% (365-day) for deals completed between 2016 and 2020
- US Healthcare IPO performance has been consistent across years, with offerings generating >20% 1-day returns in every year from 2015-2021, generating >20% returns 180-days post-offering in every year except 2015 and 2021/2, and generating >35% returns 365-days post-offering in every year except 2015 and 2021
- US Healthcare IPO performance has also been consistent across deals, with 45 of the 98 IPOs (46% of total) trading above the IPO price 1-year post-offering and 36 of the 52 total IPOs (69% of total) completed between 2016-2020 trading above the IPO price 1-year post-offering; on a longer-term basis, 34 of the 66 IPOs (52% of total) completed prior to 2021 were trading above the IPO price 2-years post-offering (+71% avg. 2-year return across all IPO deals)
- Despite recent US financial market weakness, 38 of the 98 IPOs (39% of total) completed since 2015 are still trading above their offering price (as of 12/31/22) with average price appreciation across all 98 deals of +44% vs. the IPO price; excluding recent deals completed late in the bull market cycle, 27 of the 48 IPOs (56% of total) completed from 2015 to 2019 are currently trading above their offering price with >100% average price appreciation across all deals in each year



1. Represents US healthcare IPOs raising >\$50M of proceeds, excluding biotech and therapeutics offerings. Source: Bloomberg, SEC filings.

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# US HEALTHCARE IPO MARKET PERFORMANCE DRIVERS (2015-2022)

[DRAFT]

- As of 12/31/22, healthcare IPOs completed since 2015 that are currently trading above the initial offer price generally have three consistent characteristics:

## 1) Conservative Initial IPO Valuation Multiple (EV / FY+2E Revenue)

- Across all years, IPO multiple for deals that have generated positive returns is 45% lower than multiple for deals that have generated negative returns
- IPO multiple for deals that have generated positive returns is at least 35% lower than multiple for negative return deals in every year except 2018

## 2) Conservative Initial IPO 3-Year Revenue Forecast

- Across all years, average 3-year revenue forecast CAGR for positive return IPOs is 63% (35% excluding 2018) compared to 75% for negative return IPOs
- IPO 3-year revenue forecast CAGR for positive return deals is >16% lower than forecast CAGR for negative return deals in every year except 2018 and 2019

## 3) Outperformed Initial Revenue Forecast

- Positive return IPOs have outperformed the initial 3-year revenue forecast by +11% on average, with consistent outperformance across years
- Negative return IPOs have missed the initial 3-year revenue forecast by -25% on average, with at least -15% underperformance in every year except 2017

All US Healthcare IPOs (>\$50M Gross Proceeds, Excluding Biotech and Therapeutics)								
	2015	2016	2017	2018	2019	2020	2021	2022
Total IPO Count:	14	5	2	9	18	18	31	1
Total IPO Value (\$ MM):	\$1,830	\$1,292	\$134	\$1,078	\$7,796	\$10,227	\$12,078	\$712
Avg. IPO Size:	\$131	\$258	\$67	\$120	\$433	\$568	\$390	\$712
Avg. 1-Year Return:	(19%)	51%	87%	37%	68%	60%	(47%)	NA
Avg. Current Return:	111%	248%	99%	173%	115%	(37%)	(53%)	(14%)
Avg. IPO Multiple (EV/FY+2E Rev):	6.45x	5.65x	5.22x	6.38x	5.09x	8.69x	11.90x	2.19x
Avg. Pre-IPO Revenue (FY0A):	\$124	\$557	\$27	\$24	\$552	\$366	\$299	\$3,765
Avg. IPO 3-Year Rev CAGR Forecast:	88%	32%	31%	161%	50%	64%	51%	2%
Avg. Actual/Current 3-Year Rev CAGR <sup>1</sup> :	66%	27%	36%	136%	45%	55%	40%	2%
Rev CAGR Over/(Under) Performance:	(22%)	(5%)	5%	(25%)	(5%)	(9%)	(12%)	(0%)
US Healthcare IPOs Trading Above IPO Offer Price as of 12/31/22								
# Trading Above IPO Price (Current):	8	3	1	4	11	4	7	0
% of Total Deals:	57%	60%	50%	44%	61%	22%	23%	0%
Total IPO Value (\$ MM):	\$1,277	\$1,027	\$60	\$616	\$5,335	\$2,701	\$3,521	\$0
Avg. IPO Size (\$ MM):	\$160	\$342	\$60	\$154	\$485	\$675	\$503	NM
Avg. 1-Year Return:	4%	103%	146%	143%	88%	213%	5%	NM
Avg. Current Return:	250%	447%	206%	476%	229%	83%	25%	NM
Avg. IPO Multiple (EV/FY+2E Rev):	4.87x	3.00x	2.72x	6.48x	4.12x	4.09x	7.84x	NM
Avg. Pre-IPO Revenue (FY0A):	\$199	\$710	\$37	\$22	\$835	\$1,142	\$430	NM
Avg. IPO 3-Year Rev CAGR Forecast:	43%	22%	20%	234%	50%	35%	39%	NM
Avg. Actual/Current 3-Year Rev CAGR <sup>1</sup> :	44%	33%	25%	274%	56%	52%	38%	NM
Rev CAGR Over/(Under) Performance:	1%	11%	5%	40%	6%	17%	(1%)	NM
US Healthcare IPOs Trading Below IPO Offer Price as of 12/31/22								
# Trading Below IPO Price (Current):	6	2	1	5	7	14	24	1
% of Total Deals:	43%	40%	50%	56%	39%	78%	77%	100%
Total IPO Value (\$ MM):	\$553	\$265	\$74	\$462	\$2,461	\$7,526	\$8,557	\$712
Avg. IPO Size (\$ MM):	\$92	\$132	\$74	\$92	\$352	\$538	\$357	\$712
Avg. 1-Year Return:	-49%	-26%	28%	-48%	36%	16%	-62%	NM
Avg. Current Return:	-75%	-51%	-8%	-70%	-63%	-72%	-76%	-14%
Avg. IPO Multiple (EV/FY+2E Rev):	8.56x	9.62x	7.72x	6.32x	6.62x	10.11x	13.08x	2.19x
Avg. Pre-IPO Revenue (FY0A):	\$23	\$329	\$18	\$26	\$106	\$144	\$261	\$3,765
Avg. IPO 3-Year Rev CAGR Forecast:	147%	47%	42%	102%	49%	73%	55%	2%
Avg. Actual/Current 3-Year Rev CAGR <sup>1</sup> :	96%	19%	48%	26%	29%	55%	40%	2%
Rev CAGR Over/(Under) Performance:	(52%)	(28%)	6%	(76%)	(20%)	(17%)	(15%)	(0%)

1. Actual 3-year revenue CAGR for IPOs that have reported three years of financial results. Current 3-year post-IPO revenue CAGR based on Bloomberg consensus estimates for IPOs that have not reported three years of financial results.

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# HCM HEALTHCARE GROWTH EQUITY INVESTMENT STRATEGY

**[DRAFT]**

- **HCM's healthcare growth equity strategy is tailored to identify pre-IPO opportunities that consistently generate strong returns:**

- 1) Focus on later-stage opportunities with proven commercial traction**

- Target companies with existing products and commercial revenue seeking capital to accelerate growth (geographic expansion, sales force, product pipeline)
    - Avoid “clinical trial risk” of early-stage biotech companies that lack existing approved/commercialized products

- 2) Robust diligence process focused on underwriting revenue and cash flow forecasts**

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    - Structure transaction with downside protection (liquidation preference, anti-dilution protection, conversion features, warrants)
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[DRAFT]

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